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January 24, 2018

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210

RE: Office of Regulatory Staff's Petition for an Order Requiring Utilities to
Report the Impact of the Tax Cuts and Jobs Act
Docket No. 2017-381-A

Dear Ms. Boyd:

By Order No. 2018-26 ("Order"), dated January 10, 2018, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") set a deadline of January 24, 2018, to receive "comments from companies about the timing and format of the report" concerning the impact of the recent federal tax changes. In compliance with the Order, South Carolina Electric & Gas Company ("SCE&G") submits the following comments.¹

SCE&G respectfully submits that the appropriate timing and form of the envisioned report is SCE&G's Quarterly Report for Electric Retail Operations and Gas Distribution Operations. The report will thus provide the Commission with a comprehensive view of the utility's financial returns and earning posture, just as the report has always been intended to do, including the effects of the tax law changes. Based on the information contained therein, the Commission can determine if SCE&G is earning above its allowed return on equity, and if so take appropriate action to initiate a rate proceeding, just as it would if a utility were over-earning for any reason. Additional reports concerning federal tax changes are unnecessary and will only increase utility regulatory expense and impose additional costs and burdens on customers.

¹ SCE&G provides its comments without waiving, but specifically reserving its rights to respond further to the ORS Petition at the appropriate time.

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The recent federal tax changes are complex and their impact on SCE&G utility operations has not yet been quantified. Until that assessment is complete, there is no basis to conclude that the recent federal tax law changes will result in SCE&G earning above its allowed retail electric returns or to quantify the amount of any over-earnings. As reported in SCE&G Quarterly Report for its Electric Retail Operations and Gas Distribution Operations filed on December 7, 2017, SCE&G's return on retail electric operation in the most recent reporting period was a full 186 basis points lower than its allowed return on equity.

Additionally, there is presently pending before the Commission a Joint Application and Petition by SCE&G and Dominion Energy, Inc. ("Dominion"). *See* Docket No. 2017-370-E. SCE&G submits that **the Joint Application proceeding provides the Commission with an existing venue where it would be appropriate and expedient for the Commission to review and consider the impact of recent federal tax changes on SCE&G's retail electric customers. If the Joint Application is approved and if the proposed merger between those companies is concluded, Dominion has committed that it will pass the full amount of the tax savings arising from the change in tax law to customers irrespective of the effect on SCE&G's ability to earn its allowed returns.**

With respect to its retail natural gas operations, each year SCE&G adjusts its natural gas rates pursuant to **the Natural Gas Rate Stabilization Act ("RSA") to reflect current revenues and expenses. SCE&G will make its next RSA filing on June 15, 2018, and will include the necessary pro forma adjustments in that filing to reflect the impact of the recent federal tax changes as part of the rate adjustments proposed there. Any required adjustment will be made as a part of that docket.**

Thank you for **the opportunity to present SCE&G's views on this matter. If further information is needed, please advise.**

Very truly yours,



K. Chad Burgess

KCB/kms

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(all via electronic mail and U.S. First Class Mail)